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Supreme Court, U.S.
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No. 09-412

IN THE
Supreme Court of the United States

SMC CORPORATION and
SMC CORPORATION OF AMERICA,

Petitioners,

v.

NORGREN, INC.,

Respondent,

and

U.S. INTERNATIONAL TRADE COMMISSION

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

REPLY BRIEF

ARTHUR I. NEUSTADT
Counsel of Record
THOMAS J. FISHER
BARRY J. HERMAN
ERIC W. SCHWEIBENZ
OBLON, SPIVAK, MCCLELLAND,
MAIER & NEUSTADT, L.L.P.
1940 Duke Street
Alexandria, VA 22314
(703) 413-3000

Counsel for Petitioners

REPLY BRIEF

Petitioners SMC Corporation and SMC Corporation of America (collectively "SMC") reply as follows to the oppositions filed by the Solicitor General ("SG") and Norgren, Inc. ("Norgren").

Neither the SG nor Norgren take issue with SMC's statement in its reasons for granting the petition that *Cybor's* "no deference" rule has resulted in an unacceptably high roughly 40% reversal rate. Similarly, neither the SG nor Norgren take issue with SMC's statement in its reasons for granting the petition that *Cybor's* "no deference" rule has alienated the district court whose claim constructions are reversed almost half the time. Nor does the SG take issue with SMC's statement in its reasons for granting the petition that *Cybor's* "no deference" rule is not supported by this Court's *Markman* decision.

Although the SG states that "[i]n the government's view, the court of appeals' claim construction was erroneous, and under any standard of review, the court should have affirmed the Commission's claim construction and its finding that no infringement occurred," the SG concludes that this case is not a suitable one for this Court to review. The SG states a number of reasons for this conclusion.

First, the SG states (at 6) that this case "does not involve an appeal from a district court decision." However, the Federal Circuit relied upon *Cybor*, an appeal from a district court decision, for its

conclusion that "[w]e review claim construction *de novo*." App. 5a.

Second, the SG states (at 6-7) that

> Were this Court to consider whether a more deferential standard than *de novo* review should have been applied in this case, its analysis would likely be affected by the APA, and therefore would not necessarily resolve the question presented, *i.e.*, the standard of judicial review applicable to district court decisions involving the construction of patent claims.

However, SMC's petition did not involve the APA and, indeed, as noted above, the Federal Circuit relied upon *Cybor* and not the APA. Accordingly, should this Court grant the petition, it is not believed that there would be any need to consider the APA.

Third, the SG notes (at 7) that SMC raised the *Cybor* issue in its petition for rehearing *en banc* but "[t]he parties did not present the case as a test of the standard of review or develop any argument about the proper standard of review in their briefs before the panel" and "[t]he court of appeals applied *Cybor*'s *de novo* standard of review without discussion and without dissent." The SG also notes (at 8) that "it is possible that the court of appeals will address *Cybor* and the proper standard of review in an appropriate case, and this Court would at that point have the benefit of the court of appeals' full consideration of the issue." However, as set forth in SMC's petition,

the arguments both pro and con with respect to *Cybor* by the members of the Federal Circuit are detailed and well defined and further discussion of these arguments in another Federal Circuit decision would provide little additional benefit.

Fourth, the SG states (at 8-9) that

> Also counseling against further review is the fact that the court remanded to the Commission for reconsideration of petitioners' obviousness defense in light of the court's broader construction of the claims. Pet. App. 10a. This Court generally declines to review decisions that contemplate further proceedings, particularly where the underlying facts are specific to the particular case and unlikely to be echoed in future cases.

However, *Cybor's* "no deference" rule is not case specific and has such broad widespread general application that any review of this rule by this Court would not benefit from waiting for another case. Further, any review of this rule would necessarily involve underlying facts specific to a particular case which would not be echoed in future cases.

Lastly, the SG states (at 9) that

> Finally, this Court has previously denied petitions for certiorari that asserted that the Federal Circuit should accord greater deference to a district court's claim construction, including in

> cases that involved district court decisions and therefore would have provided more suitable vehicles than the instant case.

However, the fact that this Court has previously denied a number of petitions for certiorari concerning *Cybor's* "no deference" rule is a strong indication that this rule which results in an unacceptably high roughly 40% reversal rate and which has alienated the district courts whose claim constructions are reversed almost half the time is of significant concern to the proper administration of the patent system.

Contrary to the conclusion reached by the SG, this case is exceptionally suitable for review of *Cybor's* "no deference" rule. The ALJ devoted much time and effort in reaching the not surprising conclusion that the claim term rectangular ported flange required a flange in the shape of a rectangle, *i.e.*, one with four sides (or rims), not one with two sides. The Federal Circuit afforded his carefully considered conclusion no deference whatsoever and, instead, concluded with little discussion that two sides were sufficient. The SG concluded (at 6) that the ALJ's claim construction should have been affirmed "under any standard of review." Had the Federal Circuit accorded some deference to the ALJ's claim construction, its conclusion likely would have been different and correct.

For the reasons noted above, SMC's petition for writ of certiorari should be granted.

Respectfully submitted,

ARTHUR I. NEUSTADT
Counsel of Record
THOMAS J. FISHER
BARRY J. HERMAN
ERIC W. SCHWEIBENZ
OBLON, SPIVAK, MCCLELLAND
MAIER & NEUSTADT, L.L.P.
1940 Duke Street
Alexandria, Virginia 22314

Counsel for Petitioners

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